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Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2008

Bourgeois Bennett

Certified Public Accountants | Consultants
A Limited Liability Company

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Greater New Orleans Educational Television Foundation and Subsidiary

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FINANCIAL SECTION

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Greater New Orleans Educational Television Foundation,
New Orleans, Louisiana.

We have audited the accompanying consolidated statement of financial position of Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 2008, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the 2007 consolidated financial statements, and in our report dated December 5, 2007, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 2008, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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As discussed in Note 3 to the financial statements, it was discovered that an error in the accounting for a receivable from WLAE was made in prior years. Accordingly, net assets at June 30, 2006 and certain items of revenue and expenses for the year ended June 30, 2007 have been restated to correct the error.

In accordance with Government Auditing Standards, we have also issued a report dated December 30, 2008 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplemental information (Schedules 1 through 3) is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
December 30, 2008.

Exhibit A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2008
(with comparative totals for 2007)

	2008	2007 (As Restated)
Assets		
Cash and cash equivalents	$ 4,334,858	$ 3,689,405
Accounts receivable - net	620,689	1,226,957
Unconditional promises to give - net	7,500	18,417
Capital campaign (TelePlex) pledges receivable	381,893	126,127
Prepaid expenses and deposits	22,200	76,968
Investments	5,744,359	6,499,570
Property and equipment, net of accumulated depreciation	5,806,029	6,849,643
Total assets	$ 16,917,528	$ 18,487,087
Liabilities		
Accounts payable and accrued expenses	$ 777,855	$ 755,923
Funds held for others	-	1,122,559
Notes payable to bank	3,430,190	4,805,164
Deferred revenue	2,859,408	2,952,880
Total liabilities	7,067,453	9,636,526
Net Assets		
Unrestricted	5,494,114	6,143,274
Temporarily restricted	3,408,077	1,759,403
Permanently restricted	947,884	947,884
Total net assets	9,850,075	8,850,561
Total liabilities and net assets	$ 16,917,528	$ 18,487,087

See notes to consolidated financial statements.

Exhibit B

CONSOLIDATED STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2008
(with comparative totals for 2007)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2008	Totals 2007 (As Restated)
Support and Revenues					
Support:					
Contributions	$ 1,615,777	$ 1,183,200		$ 2,798,977	$ 1,610,216
Grants from the Corporation for Public Broadcasting	437,786			437,786	482,347
Broadcasting services for Louisiana Educational Television Authority	360,512			360,512	360,512
Other grants	179,607	502,791		682,398	145,910
Other support	156,018			156,018	176,022
In-kind support	294,601			294,601	289,001
Revenues:					
Auction sales, net	265,623			265,623	165,801
Cookbook sales, net	18,710			18,710	-
Contract and production services	5,261,968			5,261,968	4,218,527
Investment income (loss)	(448,710)	79,256		(369,454)	991,989
Hurricane Katrina insurance recovery, net of costs and expenses	215,682			215,682	2,181,878
Total support and revenues	8,357,574	1,765,247		10,122,821	10,622,203
Net assets released from restrictions: expiration of time restrictions	116,573	(116,573)		-	-
Total support and revenues	8,474,147	1,648,674		10,122,821	10,622,203
Expenses					
Program services	7,253,887			7,253,887	6,318,467
Management and general	1,006,340			1,006,340	871,932
Development	863,080			863,080	608,155
	9,123,307			9,123,307	7,798,554
Transfer to Louisiana Public Broadcasting	-			-	204,400
Total expenses	9,123,307			9,123,307	8,002,954
Increase (Decrease) in Net Assets	(649,160)	1,648,674		999,514	2,619,249
Net Assets					
Beginning of year, as restated (note 3)	6,143,274	1,759,403	$ 947,884	8,850,561	6,231,312
End of year	$ 5,494,114	$ 3,408,077	$ 947,884	$ 9,850,075	$ 8,850,561

See notes to consolidated financial statements.

Exhibit C

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2008
(with comparative totals for 2007)

	Program Services	Supporting Services		Total Expenses	
		Management and General	Development	2008	2007 (As Restated)
Advertising	$ 5,652	$ 6,615	$ 4,515	$ 16,782	$ 11,602
Bad debt expense			13,084	13,084	80,000
Board of trustees' expenses		339		339	90
Building and grounds maintenance		3,989		3,989	50,062
Building rental		122,945		122,945	49,001
Direct mail solicitation			57,310	57,310	10,959
Employee travel and other personnel costs	409,511	8,658	7,022	425,191	355,056
Equipment rental and maintenance cost	1,227,435	9,938	10,481	1,247,854	690,734
Insurance	194,111	38,022	23,166	255,299	203,873
Interest		288,083		288,083	240,669
Membership premiums			113,477	113,477	85,105
Office supplies	25,112	14,509	15,147	54,768	67,373
Other expenses	39,758	63,092	42,998	145,848	118,408
Postage and shipping	31,581	4,210	45,191	80,982	69,980
Printing	59,822		17,407	77,229	49,983
Production costs	70,672	24	36,247	106,943	121,989
Professional services	78,085	81,715	55,967	215,767	215,152
Program rental fees	524,560			524,560	493,344
Salaries, payroll taxes and employee benefits	3,081,885	344,231	402,834	3,828,950	3,509,074
Station dues	107,523			107,523	78,537
Taxes		4,822		4,822	31,510
Telephone	28,685	6,372	9,458	44,515	73,322
Tower and transmission equipment rental	203,000			203,000	203,000
Utilities	74,299			74,299	39,853
	6,161,691	997,564	854,304	8,013,559	6,848,676
Depreciation and amortization	1,092,196	8,776	8,776	1,109,748	949,878
Total functional expenses	$ 7,253,887	$ 1,006,340	$ 863,080	$ 9,123,307	$ 7,798,554

See notes to consolidated financial statements.

Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2008
(with comparative totals for 2007)

	2008	2007 (As Restated)
Cash Flows From Operating Activities		
Increase in net assets	$ 999,514	$ 2,619,249
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,109,748	949,878
Realized and unrealized losses (gains) on investments	586,930	(746,390)
Loss on disposal of property and equipment	181,030	41,451
Transfer to Louisiana Public Broadcasting	-	204,400
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	617,185	(583,548)
Prepaid expenses and deposits	54,768	(27,743)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	21,932	11,371
Funds held for others	(327,528)	-
Deferred revenue	(93,472)	(495,577)
Income taxes payable	-	(27,100)
Revenues restricted for the acquisition of property and equipment:		
Contributions and investment income - capital campaign	(1,254,956)	(209,850)
Net cash provided by operating activities	1,895,151	1,736,141
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	6,854,952	1,954,257
Purchases of investments	(6,686,671)	(2,053,316)
Purchases of property and equipment	(247,164)	(5,331,046)
Net cash used in investing activities	(78,883)	(5,430,105)
Cash Flows From Financing Activities		
New borrowings	-	4,000,358
Payments on notes payable	(1,374,974)	(988,761)
Collections of capital campaign support	146,734	64,306
Collections of capital campaign investment income	57,425	136,638
Net cash provided by (used in) financing activities	(1,170,815)	3,212,541
Net Increase (Decrease) in Cash And Cash Equivalents	645,453	(481,423)
Cash and Cash Equivalents		
Beginning of year	3,689,405	4,170,828
End of year	$ 4,334,858	$ 3,689,405

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2008

Note 1 - NATURE OF ACTIVITIES

WYES-TV is a community-owned, nonprofit public television station serving metropolitan New Orleans, southeastern Louisiana, and Mississippi Gulf Coast regions. Affiliated with the Public Broadcasting Service, WYES-TV is licensed to the Greater New Orleans Educational Television Foundation and governed by a board of trustees comprised of civic-minded individuals and distinguished community leaders.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Greater New Orleans Educational Television Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana to provide educational television broadcast service to the New Orleans area. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5). Net operating profits from unrelated business income are subject to Federal income tax.

Effective July 1, 1982, the Foundation incorporated a wholly-owned subsidiary, Yescom Enterprises, Inc. (Yescom). The purpose of this corporation is to engage primarily in providing remote production services to third parties on a for-profit basis. All revenues generated by Yescom are dedicated to the Foundation and are used to fulfill the Foundation's exempt purpose.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

The consolidated financial statements of the Greater New Orleans Educational Television Foundation and Subsidiary are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

c. Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations". Under SFAS No. 117, net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and Subsidiary and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor - imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

d. Consolidation

The accompanying consolidated financial statements present the combined assets, liabilities, and transactions of the Foundation and it's Subsidiary. All intercompany transactions and balances have been eliminated in consolidation.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

f. Investments

Investments are carried at fair market value, based on quoted market prices for the investments.

g. Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

h. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

i. Allowance for Uncollectible Accounts

The Foundation and its Subsidiary provide for estimated uncollectible accounts receivable on a specific account basis as determined by management. The allowance for doubtful accounts was $108,500 and $108,480 at June 30, 2008 and 2007, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Allowance for Uncollectible Accounts (Continued)

The Foundation provides for estimated uncollectible pledges receivable (unconditional promises to give) based on management's analysis of specific promises made. There was no balance for the allowance for uncollectible capital campaign (TelePlex) pledges receivable at June 30, 2008 and June 30, 2007.

j. Property and Equipment

The Foundation records all property and equipment acquisitions at cost except for those donated to the Foundation, which are recorded at estimated value as of the date of donation. Such donations are reported as unrestricted support. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment acquired with funds received through grants or contributions which stipulate a time period for the asset to be maintained are reported as temporarily restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets for expiration of time restrictions as the assets are depreciated or the time period expires.

Repairs and maintenance are charged to expense as incurred; major renewals, replacements, and betterments are capitalized. Depreciation and amortization are determined using the straight-line method and are intended to write-off the cost of the property and equipment over their estimated useful lives which range from five to thirty-nine years.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. In-Kind Support

On June 8, 1970, the Foundation exchanged operating frequencies with WVUE, a station owned and operated at that time by Screen Gems Broadcasting of Louisiana, Inc. Emmis Televisions Broadcasting, L.P. acquired the transmitter facilities and assumed the rights and obligations of the original exchange agreement. The exchange agreement required certain items of compensation to be paid to the Foundation. On November 30, 2003, the existing agreement was terminated by a new agreement under which the Foundation was paid a buyout payment of $3,500,000 (see Note 2(m)) and a new antenna and transmission line, owned by the Foundation, was constructed. The Foundation will continue to receive the substantially free lease on the transmittal facilities, which is $1 per year for twenty years through November 30, 2023 (see Note 12). The Foundation's policy is to record the appraised rental value as revenue and recognize a corresponding amount as an expense of fulfilling its exempt purposes. An independent appraisal was used to establish the value of this lease.

The Foundation records the value of the substantially free use of the land occupied by its studio and office building and recognizes a similar amount as expense.

Beginning in July of 2004, grant money was transferred to Louisiana Public Broadcasting (LPB) under a cooperative endeavor agreement. This grant money was used by LPB to purchase transmission equipment to be used by the Foundation. The use of the transmission equipment is at no cost to the Foundation, other than general maintenance, as long as the mission of public broadcasting does not change. In return, the State of Louisiana owns and insures the equipment. The estimate of the annual in-kind contributions and rental expense is $83,000 for the years ended June 30, 2008 and 2007.

l. Auction Revenue

The Foundation annually conducts two auctions to sell contributed and purchased merchandise and other items. Gross auction revenue of $266,563 includes all proceeds received from auction sales and cash contributions received by the Foundation for support of the auctions. Cost of merchandise sold of $940 includes the cost of items purchased by the Foundation. For the year ended June 30, 2008, net auction revenue of $265,623 is reported on the Consolidated Statement of Activities. For the year ended June 30, 2007, the net auction revenue was $165,801.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Deferred Revenue

The Foundation received $3,500,000 under the new agreement with Emmis Televisions Broadcasting, L.P. for the exchange of operating frequencies with WVUE which covers a twenty year period ending in 2023 (see Note 2(k)). This amount is being amortized on a straight line basis over the life of the agreement, which makes the Foundation responsible for the payment of the operating expenses of the transmittal facilities. Deferred revenue at June 30, 2008 and 2007 approximated $2,691,000 and $2,867,000, respectively.

Other deferred revenue of approximately $169,000 and $86,000 at June 30, 2008 and 2007, respectively, relates to underwriting programs that will be produced in the future.

n. Program Rental Fees

Costs incurred for the acquisition of programs are amortized by an accelerated method until subsequent broadcasts have negligible benefit.

o. Unemployment Benefits

In lieu of unemployment tax contributions, the Foundation and its Subsidiary has elected under the Louisiana Employment Security Law to reimburse the State of Louisiana for benefits paid by the State and charged against the account of the Foundation. The Foundation recognizes this expense in the period for which the benefits are billed by the State.

p. Allocated Expenses

The costs of providing the various programs and other activities are summarized in the Consolidated Statement of Functional Expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

q. Statement of Cash Flows

The Foundation considers investments in money market funds to be cash equivalents, except for money market funds maintained in investment brokerage accounts which are reported as investments (see Note 9).

Note 3 - PRIOR PERIOD ADJUSTMENTS

As of June 30, 2006, the net assets were restated, as well as reclassifications of certain amounts in the prior year financial presentation, due to the errors in reporting a grant receivable, grant income, and in-kind donations /in-kind rent expense.

Net Assets at June 30, 2006 correction:

Net assets at June 30, 2006, as previously reported	$ 6,547,039
Adjustment for restatement of grant receivable at June 30, 2006	(315,727)
Net Assets at June 30, 2006, as restated	$ 6,231,312

June 30, 2007 corrections:

	As Previously Reported	Correction of Errors	As Restated
Accounts receivable at June 30, 2007 (including amount due from WLAE)	$1,762,133	$(535,176)	$1,226,957
Net assets - temporarily restricted	$2,294,579	$(535,176)	$1,759,403
Other grants	$ 160,959	$ (15,049)	$ 145,910
In-kind support	$ 206,001	$ 83,000	$ 289,001
Program service expenses	$6,235,467	$ 83,000	$6,318,467
Transfer to Louisiana Public Broadcasting	$ -	$ 204,400	$ 204,400

Note 4 - CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Foundation maintains cash balances at several local financial institutions. Cash deposits in excess of Federal Deposit Insurance Corporation limits were approximately $4,599,000 and $3,943,000 at June 30, 2008 and 2007, respectively.

Note 5 - RESTRICTIONS ON ASSETS

Temporarily restricted and permanently restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Cash and investments raised through the capital campaign (1983) and the capital campaign (TelePlex) are restricted for the acquisition of property and equipment. Restrictions on such funds are considered to expire when payment for the designated purpose is made.

In prior years, the Foundation was awarded two grants by the U.S. Department of Commerce Public Telecommunications Facilities Program which funded certain percentages of the cost of new equipment. The terms of these grants provide for repayment under certain conditions which generally relate to a change in ownership from nonprofit to proprietary or changes in uses of assets acquired with grant funds. The restrictions apply during a ten-year period beginning on the date of the grant. All of these restricted periods have expired.

Temporarily restricted net assets at June 30, 2008 and 2007 are available for the following purposes or periods:

Note 5 - RESTRICTIONS ON ASSETS (Continued)

	2008	2007 (As Restated)
Capital campaign (TelePlex), including investment earnings	$ 2,751,915	$ 1,595,115
Public Broadcasting Service Digital Distribution Fund Grant - to be used to construct a digital master control facility	477,791	-
Department of Commerce Teleplex Grant - equipment to be acquired with grant funds which stipulate a ten-year period of use (unspent funds not transferred to Louisiana Public Broadcasting)	36,900	36,900
Capital campaign (1983) contributions to be used for property and equipment acquisitions	108,971	108,971
Equipment Grant - Selley Foundation	25,000	-
Contributions due for subsequent periods	7,500	18,417
Totals	$ 3,408,077	$ 1,759,403

Permanently restricted net assets are endowment principal of $947,884, which includes cash and investments. Interest, dividends, realized and unrealized gains on such assets are available for future operations and are classified as unrestricted net assets.

Note 6 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of amounts due from membership drives and program underwriting and are restricted for subsequent periods. All amounts are due within one year. The amounts totaled $7,500 and $18,417 at June 30, 2008 and 2007, respectively.

Note 7 - CAPITAL CAMPAIGN (TELEPLEX) PLEDGES RECEIVABLE/ FUNDS HELD FOR OTHERS

During the year ended June 20, 2002, WYES-TV entered into a capital campaign with WLAE-TV. The purpose of the campaign was to raise funds to purchase digital broadcasting equipment and to construct and furnish a digital broadcasting center (the Teleplex) on the lakefront campus of the University of New Orleans. The expectation was that the equipment, building, and furnishings would be owned and used jointly by the Foundation and WLAE-TV with each owning fifty percent.

During the year ended June 30, 2007, this joint venture was cancelled. All donors were asked to give instructions as to the disposition of their gifts. As of June 30, 2007, certain donors asked for a portion of their donations to be returned, a portion of, or all of their donations to be maintained by WYES-TV or have all or a portion of their donations sent to WLAE-TV. In addition, some of the donors asked for their pledge receivable balances to be canceled. At June 30, 2007, $137,500 was due to WLAE-TV and $985,059 was to be returned to donors. These amounts are included in funds held for others.

During the year ended June 30, 2008, WYES-TV refunded $137,500 to WLAE-TV and $190,028 of the $985,059 due to donors. Three donors that had requested refunds made new grants to WYES-TV (total $770,000). These new grants and prior year interest earnings of $25,031 were reclassified as revenue and reductions in funds held for others.

The expectation is that a new building will be constructed for WYES-TV. The balance of pledges receivable, which are all deemed collectible by management, totaled $381,893 and $126,127 at June 30, 2008 and 2007, respectively.

Note 8 - INVESTMENTS

Investments include amounts held in investment accounts at Whitney National Bank, Charles Schwab & Co., and Fidelity Investments, Inc. Details of investments are as follows:

Description	June 30, 2008 Cost	June 30, 2008 Market Value
Equity securities	$ 2,422,148	$ 2,680,432
Corporate bonds and U.S. Government Agency obligations	1,528,326	1,539,941
Mutual fund	980,035	877,902
Money market funds	646,084	646,084
Total investments	$ 5,576,593	$ 5,744,359

Description	June 30, 2007 Cost	June 30, 2007 Market Value
Equity securities	$ 3,823,931	$ 4,917,351
Corporate bonds and U.S. Government Agency obligations	1,501,942	1,477,233
Money market funds	104,986	104,986
Total investments	$ 5,430,859	$ 6,499,570

	Cost	Market Value	Market Value Over Cost
Balances at June 30, 2008	$ 5,576,593	$ 5,744,359	$ 167,766
Balances at June 30, 2007	$ 5,430,859	$ 6,499,570	1,068,711
Decrease in unrealized appreciation			$ (900,945)

Note 8 - INVESTMENTS (Continued)

Investment return for the year ended June 30, 2008 is summarized as follows:

Interest and dividend income, net	$ 217,476
Unrealized loss for the year	(900,945)
Realized gain, net	314,015
Total	$ (369,454)

	Cost	Market Value	Market Value Over Cost
Balances at June 30, 2007	$ 5,430,859	$ 6,499,570	$ 1,068,711
Balances at June 30, 2006	$ 5,251,018	$ 5,654,121	403,103
Increase in unrealized appreciation			$ 665,608

Investment return for the year ended June 30, 2007 is summarized as follows:

Interest and dividend income, net	$ 245,599
Unrealized gain for the year	665,608
Realized gain, net	80,782
Total	$ 991,989

The State of Louisiana has adopted the Uniform Management of Institutional Funds Act. Management has interpreted state law to allow the Board of Trustees to spend the portion of realized and unrealized gains on investments that pertain to endowment principal (permanently restricted) for the purpose for which the endowment fund was established, after considering the long and short term needs of the Foundation, price level trends, and general economic conditions. Such gains are reported as increases in unrestricted net assets.

Note 9 - PROPERTY AND EQUIPMENT

At June 30, 2008 and 2007, the cost of property and equipment and accumulated depreciation were as follows:

	2008	2007
Remote production equipment	$ 9,331,964	$ 9,217,061
Equipment	2,981,281	2,881,587
Leasehold improvements	389,585	368,623
Office equipment	151,024	139,419
Construction in progress	-	181,029
	12,853,854	12,787,719
Less accumulated depreciation	(7,047,825)	(5,938,076)
Net property and equipment	$ 5,806,029	$ 6,849,643

Depreciation expense was $1,109,748 and $949,878 for the years ended June 30, 2008 and 2007, respectively.

Note 10 - NOTES PAYABLE TO BANK

The Foundation is obligated on the following notes payable:

	June 30, 2008	June 30, 2007
Note payable to Whitney National Bank. The note is due in sixty equal monthly installments of principal and interest of $46,179 through December 2008. The note bears interest at 5.75% and is secured by mobile unit equipment.	$ 196,189	$ 721,496
Note payable to Whitney National Bank. The note is due in fifty-nine equal monthly installments of principal of $5,933 plus interest through September 2009. The note bears interest at 6% and is secured by funds held on deposit with the financial institution.	106,747	177,943

Note 10 - NOTES PAYABLE TO BANK (Continued)

	June 30, 2008	June 30, 2007
Note payable to Whitney National Bank. The note was due in twelve equal installments of principal and interest of $6,977 through March 2008. The note was collateralized by funds held on deposit with the financial institution, and had an interest rate of 7.75%.	-	61,056
Loan agreement with Capital One Bank (formerly Hibernia National Bank). The note bears interest at 4.25%. The note is due on demand but must be repaid by June 2009. The loan is collateralized by funds held on deposit with the financial institution.	65,202	127,810
Note payable to Whitney National Bank. The note is due in fifty-nine equal monthly installments of principal and interest of $51,661 through October 2011. The note bears interest at 8.5% and is secured by high definition mobile unit equipment.	1,782,347	2,226,313
Note payable to the U.S. Small Business Administration. The note is due in seventy-two equal monthly installments of principal and interest of $24,034 through June 2013. The note bears interest at 4% and is secured by the structure and improvements that will be purchased with the proceeds.	1,279,705	1,490,546
Totals	$ 3,430,190	$ 4,805,164

Note 10 - NOTES PAYABLE TO BANK (Continued)

Future principal payments to be made on these notes are as follows:

Year Ending June 30,	
2009	$ 1,061,181
2010	817,207
2011	838,957
2012	460,215
2013	252,630
Total	$ 3,430,190

Note 11 - RELATED PARTY TRANSACTIONS

WYES-TV paid legal fees totaling $38,598 and $3,602 during the years ended June 30, 2008 and 2007, respectively, to a law firm in which a member of WYES-TV's Board of Trustees is a partner.

Note 12 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER

The television station transmission tower, transmission equipment, antenna, and land are leased through November 30, 2023, at $1 per year. An independent appraisal set a fair rental value for the tower, antenna, and land at approximately $203,000 per year.

The television studio and office building are located on land leased through January 31, 2035 at $1 per year. An independent appraisal established a fair rental value for the land at $49,001 per year.

The Foundation recorded the value of certain in-kind goods and services received of $42,600 and $37,000 for the years ended June 30, 2008 and 2007, respectively.

Note 12 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER (Continued)

The fair rental values of the above described properties have been recorded as support and expenses in the years ended June 30, 2008 and 2007, respectively, as follows:

	2008	2007 (As Restated)
Support		
Transmitter in-kind rent:		
Tower and facility	$ 120,000	$ 120,000
Transmission equipment	83,000	83,000
Studio and office building in-kind rent	49,001	49,001
Other goods and services	42,600	37,000
Total in-kind support	$ 294,601	$ 289,001
Expenditures		
Tower rental	$ 120,000	$ 120,000
Transmission equipment	83,000	83,000
Building rental	49,001	49,001
Donated goods and services	42,600	37,000
Total expenditures	$ 294,601	$ 289,001

Numerous volunteers have donated significant amounts of time to the Foundation's fund-raising campaigns and programs. No amounts have been reflected in the financial statements because they did not meet the criteria for recognition under Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made.

Note 13 - COMMITMENT

The television studio and office building are located on land leased from the City of New Orleans for $1 per year for a fifty-year period ending January 31, 2035. The lease requires the Foundation to construct additional permanent leasehold improvements on the property by February 1, 2004, at a minimum cost of $500,000. Approximately $535,056 has been expended for permanent improvements and for remediation expenses through June 30, 2008. No additional contracts or commitments for construction or additional improvements exist at June 30, 2008. The Foundation has a verbal agreement to not enforce the required completion date as long as the broadcast studio is located within the City of New Orleans.

Note 14 - UNRELATED BUSINESS INCOME

Revenues from certain projects are considered unrelated business income of a nonprofit organization by the Internal Revenue Service. Any net operating profits derived from such projects are subject to Federal unrelated business income tax.

The Foundation derives revenue from the rental of the remote production vehicle and the studio equipment and facilities to Yescom (see Note 15). This income is reported as unrelated business income in the Foundation's Exempt Organization Business Income Tax Return (Form 990T). For the year ended June 30, 2008 and 2007, the Foundation reported tax losses from its unrelated business income activities of approximately $81,000 and $523,000, respectively. The total loss carryforward, which is carried forward to offset future taxable income, is approximately $604,000 at June 30, 2008, which will begin expiring in 2027 if not used.

Note 15 - SUBSIDIARY OPERATIONS AND INCOME TAXES

Yescom Enterprises, Inc. (Yescom), the Foundation's wholly-owned subsidiary, derives income by providing remote production services with two remote production vehicles, production services at the Foundation's facility, and other services to third parties. This income is reported in Yescom's U.S. Corporation Income Tax Returns.

Yescom's operations resulted in net income of approximately $459,000 for the year ended June 30, 2008, which was totally offset by net operating loss carry forwards from prior years. For the year ended June 30, 2007, the operations of Yescom resulted in a net loss of approximately $329,000. The net operating loss carryforward, which is carried forward to reduce future net taxable income, is approximately $226,000 at June 30, 2008, which will expire in 2027 if not used.

Note 16 - BROADCAST HOURS

Broadcast hours of the television station were 8,760 (unaudited) for the year ended June 30, 2008. The broadcast hours were 8,448 (unaudited) for the year ended June 30, 2007.

Note 17 - RETIREMENT PLAN

The Foundation has a retirement program whereby its employees participate in the TIAA-CREF Retirement Annuity Program, a Tax-Sheltered Annuity. The program requires the Foundation to match the 3% contribution of an employee with a 7% contribution. As of June 30, 2008, twenty-two employees were participating in the program. Retirement expenses under this plan totaled $51,127 and $41,634 for the years ended June 30, 2008 and 2007, respectively.

Note 18 - CASH FLOWS INFORMATION

Cash payments of interest during the years ended June 30, 2008 and 2007 were $288,083 and $240,669, respectively.

Noncash operating activities include $795,031 and $262,706 of reclassifications of funds held for others as capital campaign (Teleplex) contributions during the years ended June 30, 2008 and 2007, respectively.

Noncash operating activities include a transfer to Louisiana Public Broadcasting through a reduction of a receivable of $204,400 during the year ended June 30, 2007.

Note 19 - HURRICANE KATRINA

The station continues to negotiate with its insurance companies for a satisfactory settlement of the Station's Hurricane Katrina losses under its property, business interruption, and flood policies. For the years ended June 30, 2008 and 2007, insurance proceeds, related damages, and repair costs are as follows:

	2008	2007	Cumulative 2008
Property and flood insurance proceeds received	$ 302,736	$ 2,271,724	$ 5,539,376
Cost of destroyed property and equipment, at net book value	-	41,451	1,459,792
Various Hurricane Katrina related expenses	220,900	48,395	749,747
Net property and flood insurance revenue	81,836	2,181,878	3,329,837
Business interruption proceeds received	187,457	-	187,457
Various business interruption claim related expenses	53,611	-	53,611
Net business interruption revenue	133,846	-	133,846
Hurricane Katrina insurance recovery, net of costs and expenses	$ 215,682	$ 2,181,878	$ 3,463,683

Note 20 - RISKS AND UNCERTAINTIES

In general, investment securities are exposed to various risks, such as interest rate, currency, and credit and market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Foundation.

Note 21 - SUBSEQUENT EVENTS

Recent economic uncertainty and market events have led to significant volatility, primarily declines, in currency, commodity, credit, and equity markets. These recent events underscore the level of investment risk associated with the current economic environment, and accordingly the level of risk in the investments of the Foundation. The effect of these matters on the Foundation's net assets has not been determined at December 30, 2008, and in any event changes daily.

SUPPLEMENTAL INFORMATION

Schedule 1

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 2008

	Foundation	Yescom	Eliminations	Totals
Assets				
Cash and cash equivalents	$ 4,075,749	$ 259,109		$ 4,334,858
Accounts receivable - net	111,464	509,225		620,689
Unconditional promises to give - net	7,500			7,500
Capital Campaign (TelePlex) pledges receivable	381,893			381,893
Prepaid expenses and deposits	22,200			22,200
Investments	5,744,359			5,744,359
Property and equipment, net of accumulated depreciation	5,806,029			5,806,029
Investment in Yescom (subsidiary)	10,000		$ (10,000)	-
Due from subsidiary	461,858		(461,858)	-
Total assets	$ 16,621,052	$ 768,334	$ (471,858)	$ 16,917,528
Liabilities				
Accounts payable and accrued expenses	$ 286,225	$ 491,630		$ 777,855
Notes payable to bank	3,430,190			3,430,190
Deferred revenue	2,859,408			2,859,408
Due to parent		461,858	$ (461,858)	-
Total liabilities	6,575,823	953,488	(461,858)	7,067,453
Net Assets				
Common stock		10,000	(10,000)	-
Net assets (accumulated deficit):				
Unrestricted	5,689,268	(195,154)		5,494,114
Temporarily restricted	3,408,077			3,408,077
Permanently restricted	947,884			947,884
Total net assets and common stock	10,045,229	(185,154)	(10,000)	9,850,075
Total liabilities, net assets and common stock	$ 16,621,052	$ 768,334	$ (471,858)	$ 16,917,528

Schedule 2

CONSOLIDATING STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2008

	Foundation	Yescom	Eliminations	Totals
Changes in Unrestricted Net Assets				
Support and revenues:				
Support:				
Contributions	$ 1,615,777			$ 1,615,777
Grants from the Corporation for Public Broadcasting	437,786			437,786
Broadcasting services for Louisiana Educational Television Authority	360,512			360,512
Other grants	179,607			179,607
Other support	156,018			156,018
In-kind support	294,601			294,601
Revenues:				
Auction sales, net	265,623			265,623
Cookbook sales, net loss	18,710			18,710
Contract and production services	851,713	$ 5,240,255	$ (830,000)	5,261,968
Investment loss	(448,710)			(448,710)
Hurricane Katrina insurance recovery net of costs and expenses	215,682			215,682
Total unrestricted support and revenues	3,947,319	5,240,255	(830,000)	8,357,574
Net assets released from restrictions	116,573			116,573
Total unrestricted support and revenues	4,063,892	5,240,255	(830,000)	8,474,147
Expenses:				
Program services	3,313,906	4,769,981	(830,000)	7,253,887
Management and general	994,903	11,437		1,006,340
Development	863,080	-		863,080
Total expenses	5,171,889	4,781,418	(830,000)	9,123,307
Increase (decrease) in unrestricted net assets	(1,107,997)	458,837	-	(649,160)

	Foundation	Yescom	Eliminations	Totals
Changes in Temporarily Restricted Net Assets				
Support:				
Capital campaign pledges	1,175,700			1,175,700
Program underwriting	7,500			7,500
Other grants	502,791			502,791
Interest on capital campaign pledges	79,256			79,256
Total support	1,765,247			1,765,247
Net assets released from restrictions	(116,573)			(116,573)
Increase in temporarily restricted net assets	1,648,674			1,648,674
Changes in Permanently Restricted Net Assets	-			-
Increase in Net Assets	540,677	458,837		999,514
Net Assets (Deficit)				
Beginning of year, as restated (note 3)	9,504,552	(653,991)		8,850,561
End of year	$ 10,045,229	$ (195,154)	$ -	$ 9,850,075

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues				
Support:				
Contributions:				
Membership and general	$ 1,017,769			$ 1,017,769
Capital campaign		$ 1,175,700		1,175,700
Major gifts	220,205			220,205
Program underwriting	201,453	7,500		208,953
Support from commercial station - Transmitter	176,350			176,350
Total contributions	1,615,777	1,183,200		2,798,977
Grants from the Corporation for Public Broadcasting	437,786			437,786
Broadcasting services for Louisiana Educational Television Authority	360,512			360,512
Other grants:				
Grants - foundations and agencies	179,607	502,791		682,398
Other support:				
Special events	104,677			104,677
Miscellaneous	51,341			51,341
Total other support	156,018			156,018
In-kind support:				
Rent:				
Transmitter	120,000			120,000
Transmission equipment	83,000			83,000
Land	49,001			49,001
Goods and services	42,600			42,600
Total in-kind support	294,601			294,601
Total support	3,044,301	1,685,991	-	4,730,292

Schedule 3
(Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues				
Total support (carried forward)	3,044,301	1,685,991	-	4,730,292
Revenues:				
Auction sales, net	265,623			265,623
Cookbook sales, net	18,710			18,710
Contract and production services:				
Production services	375,264			375,264
Contract services	4,864,991			4,864,991
Tower rental	21,713			21,713
Total contract and production services	5,261,968			5,261,968
Investment income (loss)				
Interest income, net of custodian fees	138,220	79,256		217,476
Net unrealized loss on investments	(900,945)			(900,945)
Net realized gains on investments	314,015			314,015
Total investment income/(loss)	(448,710)	79,256		(369,454)
Hurricane Katrina insurance recovery net of costs and expenses	215,682			215,682
Total revenues	5,313,273	79,256		5,392,529
Total support and revenues	$ 8,357,574	$ 1,765,247	$ -	$ 10,122,821

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees,
Greater New Orleans Educational Television Foundation,
New Orleans, Louisiana.

We have audited the consolidated financial statements of Greater New Orleans Educational Television Foundation and Subsidiary as of and for the year ended June 30, 2008, and have issued our report thereon dated December 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greater New Orleans Educational Television Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements but not for the purpose of expressing an opinion on the effectiveness of Greater New Orleans Educational Television Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greater New Orleans Educational Television Foundation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal controls over financial reporting that may be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and which is described in the accompanying schedule of findings and responses as item 08-01.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greater New Orleans Educational Television Foundation's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Greater New Orleans Educational Television Foundation's financial statements that is more than inconsequential will not be prevented or detected by Greater New Orleans Educational Television Foundation's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Greater New Orleans Educational Television Foundation's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater New Orleans Educational Television Foundation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Board of Trustees, management and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
December 30, 2008.

SCHEDULE OF FINDINGS AND RESPONSES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2008

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

• Material weakness(es) identified?	X yes	__ no
• Significant deficiency(ies) identified that are not considered to be material weakness	__ yes	X none reported
Noncompliance material to financial statements noted?	__ yes	X no

b) Federal Awards

Greater New Orleans Educational Television Foundation and Subsidiary did not receive federal awards during the year ended June 30, 2008.

Section II - Financial Statement Findings

Internal Control

08-01 Receivable from WLAE-TV and In-Kind Activity

Criteria - Effective controls require an entity to obtain proper documentation for accounts receivable, in-kind contributions and in-kind rent expense.

Condition - Due to lack of communication between the Foundation and WLAE-TV, the amounts recorded as a receivable from WLAE-TV, transfers to Louisiana Public Broadcasting (LPB), and in-kind contributions and in-kind rent were incorrectly recorded within the accounting records of the Foundation.

Context - Systematic, prevalent throughout the system of internal controls for the period tested.

Section II - Financial Statement Findings (Continued)

Internal Control (Continued)

08-01 Receivable from WLAE-TV and In-Kind Activity (Continued)

Effect - The Foundation has a recognized deficiency in internal controls. Inaccurate accounting of a receivable, a transfer, and in-kind contributions and in-kind rent related to transactions with WLAE-TV and LPB.

Cause - The lack of adequate internal controls relating to the communication and documentation of the transactions related to the Teleplex project increases the risk that material errors and irregularities could exist and not be detected by those charged with governance.

Recommendation - The Foundation should implement procedures to regularly communicate with WLAE-TV's management until the project is complete. In addition, the Foundation should implement procedures to regularly monitor and communicate activity related to in-kind equipment donations to accounting.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

Section II - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2008

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control Over Financial Reporting

07-01 Production Services Billing

Recommendation - Personnel should utilize the current ACCPAC accounting software to track job costing and to create invoices. Also, invoices should be dated with the date that it is prepared and will be forwarded to customer and not with the date of the services provided.

Management's Corrective Action - Resolved. ACCPAC accounting software is used to create invoices using date invoice is prepared.

07-02 Monitor of Production Services Revenue

Recommendation - YESCOM management should monitor, review, reconcile, and approve revenue postings to the general ledger on a timely basis. These procedures should be formulated and written to ensure proper and consistent implementation.

Management's Corrective Action - Resolved. YESCOM management monitors, reviews, reconciles, and approves revenue posting to the general ledger on a timely basis according to the written procedures.

Compliance

No compliance findings material to the consolidated financial statements were noted during the audit for the year ended June 30, 2007.

Section II - Internal Control and Compliance Material To Federal Awards

Greater New Orleans Educational Television Foundation and Subsidiary did not receive federal awards during the year ended June 30, 2007.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2007.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2008

Section I - Internal Control and Compliance Material to the Financial Statements

08-01 **Recommendation** - The Foundation should implement procedures to regularly communicate with WLAE-TV's management until the project is complete. In addition, the Foundation should implement procedures to regularly monitor and communicate activity related to in-kind equipment donations to accounting.

Management's Response - Subsequent to year end, management has been in contact with the management of WLAE-TV in order to obtain proper documentation related to the Teleplex activity. In addition, management has implemented procedures to improve communication between the engineering department and the accounting department related to use of any new equipment.

Section II - Internal Control and Compliance Material To Federal Awards

Greater New Orleans Educational Television Foundation and Subsidiary did not receive federal awards during the year ended June 30, 2008.

Section III - Management Letter

A management letter was issued in connection with the audit for the year ended June 30, 2008.